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FISCAL IMPACT STATEMENT

LS 6311

BILL NUMBER: SB 341

NOTE PREPARED: Dec 27, 2012

BILL AMENDED:

SUBJECT: School Reorganization.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the State Board of Education to create a school performance category of "pending reorganization".

The bill also establishes a process for the reorganization of a school that is in the third or subsequent year of placement in the lowest performance category. The bill provides that the school may be reorganized by:

1. Closing the school and transferring the students to a higher performing school in the same school corporation;
2. Providing tuition payments for students to transfer to a higher performing school in another school corporation;
3. Reorganizing the school as a charter school; or
4. Any combination of (1) through (3).

It provides that, as a condition to reorganizing the school, the school reorganization initiative (initiative) must include one or more of the following:

1. A vote by the majority of the governing body's members in favor of reorganization;
2. A petition in favor of the reorganization signed by at least 75% of the teachers at the designated school;
3. A petition in favor of the reorganization signed by at least 51% of the parents of students who attend the designated school.

The bill requires the individual initiating the initiative to submit a form to the Department of Education (Department). It provides that if the initiative requires the transfer of students from the designated school to

a higher performing school in the same school corporation, the individual who initiates the initiative must provide the Department with verification (which is provided by the governing body) that the higher performing school has the capacity to provide classroom instruction for the additional students.

The bill requires the Department to post notice of the initiative on the Department's Internet web site.

The bill provides that a condition specified in the initiative must be satisfied within 120 days. It provides that a subsequent initiative regarding the school may not be submitted to the Department during the 120 days.

The bill requires the Department, after a school is reorganized, to place the school in the "pending reorganization" performance category. It provides that once a school has been reorganized, another petition for reorganizing the school may not be submitted for at least five years after the school year in which the reorganization takes place.

Effective Date: Upon passage.

Explanation of State Expenditures: The cost to the state of creating a school performance category of "pending reorganization" and placing a reorganized school in the category should be minor. The task could be done with existing resources. Additionally, having the State Board verify the signatures in the petition would entail the use of administrative resources, but this should be within DOE's capability assuming near customary staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on schools would depend on the actions of the students' parents and the outcome of the petitions. The three allowable actions could have different fiscal impacts on the school:

- The closing of the school and transferring students to a higher performing school in the district might require the school to transfer resources and could result in a reduction in costs if there was capacity in higher performing schools.
- The cost of providing transfer payments to another school would depend on the cost of education in the other school corporation. However, the current school formula funds the majority of the school general fund, so the cost would be minor if the student is included in the ADM count of the receiving school corporation. The current school corporation, however, would lose all the funding associated with the students that do transfer.
- The reorganization of the school as a charter school would reduce expenditures and revenue for the school corporation. It is unknown if the result would be a net reduction in costs. The school funding for the first year for a new charter school would be the same as the per student funding in the school corporation.

Background: Based on the 2012 data, there are 22 schools enrolling about 15,400 students (about 1.5% of students) out of the 1,821 schools, or 1.3%, that have been in the lowest performance category for at least three consecutive years. There are an additional 28 schools enrolling about 15,850 students that have been in the

lowest performance category for two consecutive years.

The average tuition support funding for regular programs is about \$5,599 in CY 2013.

Explanation of Local Revenues:

State Agencies Affected: State Board of Education, Department of Education.

Local Agencies Affected: Local schools.

Information Sources: Department of Education website, <http://2www.doe.in.gov/pl221/welcome.html> , and databases.

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